

January 29, 2001

Administrative Letter 2001-1

TO: ANY CARRIER ENTERING INTO PROVIDER CONTRACTS ON OR AFTER
JULY 1, 1999

RE: ETHICS AND FAIRNESS IN CARRIER BUSINESS PRACTICES

Section 38.2-3407.15 of the Code of Virginia was effective July 1, 1999. This section requires every provider contract entered into, amended, extended, or renewed by a carrier to contain specific provisions which require the carrier to adhere to and comply with the minimum fair business standards for the processing and payment of claims.

The purpose of this letter is to request that each carrier that has entered into any provider contracts on or after July 1, 1999 forward a sample contract to the Bureau of Insurance. This sample contract should be clearly marked to demonstrate compliance with each of the nine subsections of § 38.2-3407.15 B of the Code of Virginia. The language in the contract that ensures that the contract is in compliance with the specific subsection(s) should be highlighted and a notation next to the highlighted language should indicate which of the subsection(s) is brought into compliance with that language. The sample contract should also be completed in "John Doe" fashion.

The sample contract should be the type of contract most commonly entered into, amended, extended, or renewed by the carrier on or after July 1, 1999. A certification signed by an officer of the carrier should be sent to the Bureau of Insurance with the sample contract. The certification must certify that the carrier has reviewed all other provider contracts entered into, amended, extended, or renewed after July 1, 1999 and

certify that these contracts are in compliance with § 38.2-3407.15 of the Code of Virginia.

Within 30 days from the date of this letter, the completed contract and certification should be sent to:

Peggy Dozier, ALHC, AIE, FLMI
Senior Market Conduct Examiner
Life and Health Division
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23218

Any questions regarding this letter may also be addressed to Peggy Dozier.

Sincerely,

Alfred W. Gross
Commissioner of Insurance